
September 27, 2012

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Inquiry Concerning the Deployment of Broadband to all Americans in a Reasonable and Timely Fashion*, GN Docket No. 12-228

Dear Chairman Genachowski:

As the FCC undertakes its Ninth Broadband Progress Report Inquiry, Broadband for America writes to highlight the unprecedented private sector investment that has been at the heart of broadband technology and infrastructure deployment in the United States. Broadband for America is a coalition of more than 300 businesses and organizations that has one goal in mind – a goal shared by Congress and the Commission: to make broadband Internet services available to every home and every business in the United States.

There can be no doubt that the U.S. is moving in the right direction – more and more Americans have access to high-quality, high-speed broadband Internet services. The FCC's wise refusal, under both Democratic and Republican chairs, to adopt excessive regulation of privately-financed broadband networks has been critical to this success. And, even though adoption and utilization should not be part of the Commission's inquiry, it is telling that more and more Americans are using these services in ways that many could not have imagined just a few short years ago – to interact with their friends, apply for jobs, play games, watch videos, read books, research health care information, shop, work, and engage with their community. For these reasons, Broadband for America urges the Commission to conclude that broadband is being deployed in a reasonable and timely manner.

## I. PRIVATE SECTOR INVESTMENT IS THE FOUNDATION FOR THE DEPLOYMENT OF HIGH-SPEED INTERNET SERVICES THROUGHOUT THE UNITED STATES.

Innovation and investment in broadband technology and infrastructure have resulted in over 94 percent of U.S. households having access to increasingly high-quality broadband Internet services, according to the Commission's latest data. Network operators collectively have invested nearly $1.2 trillion since 1996 building wired and wireless broadband networks that serve as the foundation for the online world.[1] Based on OECD data, from 1997 to 2007 the United States invested more in broadband networks on a per capita basis than almost every other

[1] *See* Broadband Investment | USTelecom, *at* http://www.ustelecom.org/broadband-industry/broadband-industry-stats/investment (last visited Sept. 25, 2012).

country (and their data does not even account for cable industry investment).[2] Since 2008, network operators have invested more than $250 billion in the effort to expand and improve their broadband networks.[3] These investments directly and indirectly support hundreds of thousands of jobs throughout the economy.

These investments are helping the nation to meet the dual goals of improving broadband Internet services and deploying broadband Internet services to unserved areas. As to the former, Chairman Genachowski noted in an op-ed for TechCrunch earlier this month that, "[a]t the beginning of 2009, broadband networks capable of 100 megabits per second passed less than 20% of U.S. homes. That number is now over 80%, putting the U.S. – for the moment – near the top of the world in deployment of high-speed broadband infrastructure."[4] As to the latter, the Commission's two most recent Broadband Progress Reports show that the number of Americans without access to fixed broadband Internet services has decreased substantially – from over 26 million Americans in over 9 million households in June 2010, to about 19 million Americans in 7 million households in June 2011.[5]

The picture improves even further when the deployment of mobile wireless broadband networks is included. In its most recent Broadband Progress Report, the Commission has recognized that next generation LTE wireless broadband networks are being deployed at an unprecedented pace by several national and regional providers across the U.S.[6] And in his TechCrunch op-ed, Chairman Genachowski remarked, "we are now leading the world in deploying the next generation of wireless broadband networks – 4G LTE – at scale. We have 69% of the world's LTE subscribers, making the United States the global test bed for LTE apps and services."

There is still work to be done, but every indication is that these numbers will continue to improve as broadband Internet service providers continue to invest in next-generation broadband networks. These investments will increase available speeds to homes that can already access broadband and expand the coverage of wireless and wireline broadband networks. For example, Deloitte predicts that investment in 4G networks in the U.S. during 2012-2016 could reach between $25 and $53 billion.[7] And a survey of analyst reports conducted by Columbia

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[2] *See International Comparison Requirements Pursuant to the Broadband Data Improvement Act; International Broadband Data Report*, IB Docket No. 10-171, Third Report, DA 12-1334 ¶ 14 n.38 (Aug. 21, 2012) ("*Int'l BB Report*").

[3] Broadband for America, Press Release, *Broadband for America: Private Investment Is The Driving Force*, May 19, 2011, *available at* http://www.broadbandforamerica.com/press-releases/capital-expenditure-figures-leading-trade-groups-show-providers-have-invested-more-25.

[4] *See* Julius Genachowski, *The Need for Speed*, TechCrunch.com, Sept. 16, 2012, *at* http://techcrunch.com/2012/09/16/the-need-for-speed/.

[5] *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps To Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act*, GN Docket No. 11-121, Eighth Broadband Progress Report, FCC 12-90, ¶¶ 9, 46 (Aug. 14, 2012).

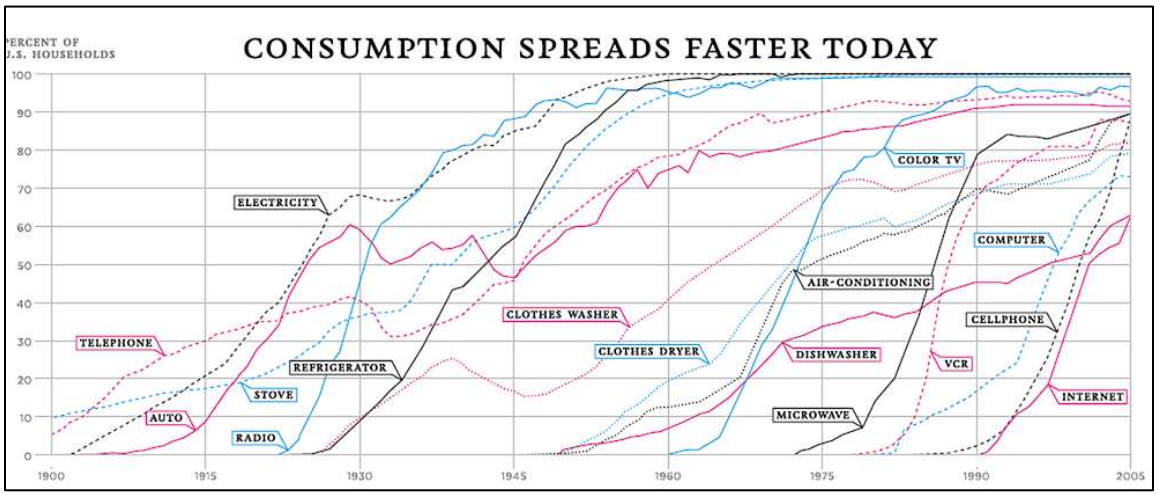
[6] *Id.* ¶ 6.

[7] *See Int'l BB Report* ¶ 3.

University's Robert Atkinson forecasts that capital expenditures by cable operators will top $33 billion over the next three years, while capital expenditure by telcos (not including wireless) will top $40 billion.[8] These investments will ensure that broadband Internet service providers can continue to expand their footprints and improve their existing services.

## II. THE UNITED STATES IS A WORLD LEADER IN ADOPTION AND UTILIZATION OF BROADBAND.

To the extent that the Commission looks to comparative adoption and utilization data in this Inquiry – despite the statute focusing on deployment – the facts squarely support a conclusion that the United States is a world leader. Americans have adopted broadband services as fast as or faster than any other major technology of the 20th century. As reflected in the following chart, it took telephones and electricity over 40 years to reach half of American households. By contrast, broadband reached this milestone in less than a decade.




*See* Derek Thompson, *The 100-Year March of Technology in 1 Graph*, *The Atlantic*, April 7, 2012, *at* http://www.theatlantic.com/technology/archive/2012/04/the-100-year-march-of-technology-in-1-graph/255573/.

Today, the United States ranks first out of 34 countries listed by the Organization for Economic Cooperation and Development in both total number of fixed broadband subscriptions (with over 84 million) and total number of wireless broadband subscriptions (with over 203 million).[9] The Commission's own data demonstrate that the number of broadband connections continues to grow. Data in the most recent Internet Access Services Report show that the total number of broadband connections with speeds of at least 3 Mbps downstream and 768 kbps upstream (the Commission's proxy for its 4 Mbps/1 Mbps benchmark) grew from just over 55 million in December 2010 to almost 66 million in June 2011.[10] And the Commission's *Second Measuring Broadband America Report* noted that "on average, customers subscribed to faster

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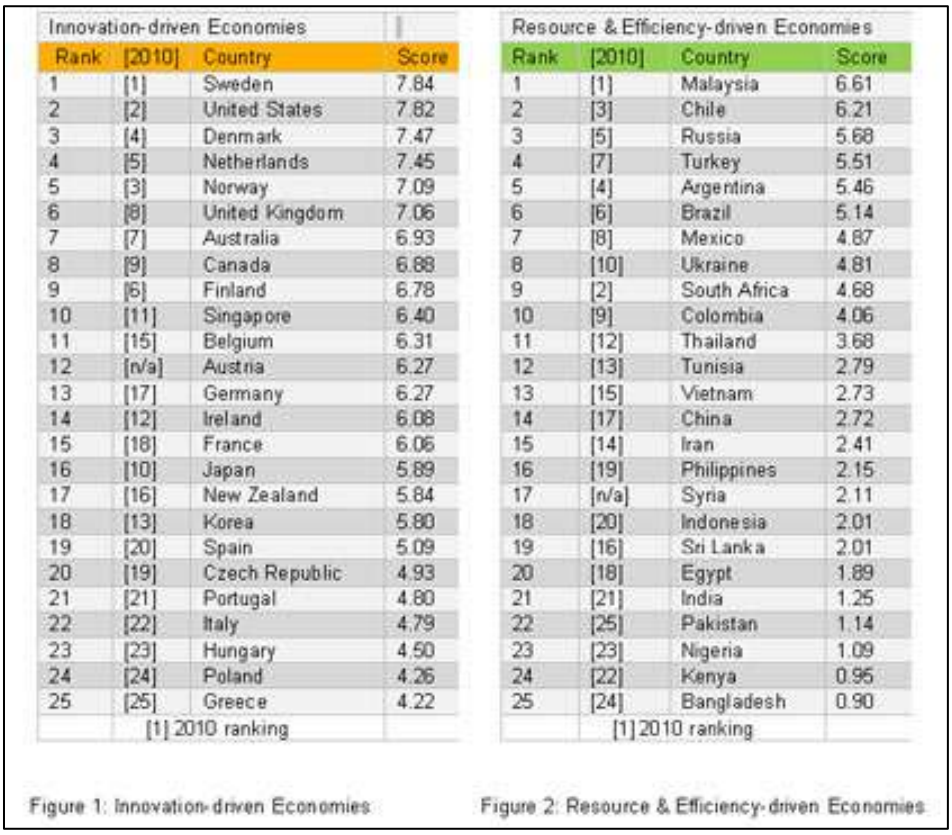
8 Robert C. Atkinson, *et al.*, *Broadband in America 2nd Edition: Where It Is and Where It Is Going?* at 76 (2011).

9 *See Int'l BB Report* ¶ 20.

10 Internet Access Services: Status as of June 30, 2011; Industry Analysis and Technology Division Wireline Competition Bureau, June 2012, *at* http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-314630A1.pdf.

speed tiers in 2012 than in 2011. This is a result of both upgrades by ISPs to their network as well as some migration of consumers to higher speed services."[11]

Americans are also among the world's leaders in finding innovative ways to use the Internet to improve and enrich their lives. According to the World Wide Web foundation's Web Index, Americans utilize the web more than people from any other country. In addition, the United States ranked second among innovation-driven economies in BRG's Connectivity Scorecard, scoring highly in such areas as consumer usage and skills and business infrastructure. And a recently-released analysis by the Institute for the Future's Richard Adler (commissioned by Broadband for America) predicts that Internet usage will grow to unprecedented levels as the result of a "perfect storm of demand for broadband access" driven by new users, new applications, new devices, and the emergence of the Internet of Things.[12]



Innovation-driven Economies

| Rank | [2010] | Country | Score |
|---|---|---|---|
| 1 | [1] | Sweden | 7.84 |
| 2 | [2] | United States | 7.82 |
| 3 | [4] | Denmark | 7.47 |
| 4 | [5] | Netherlands | 7.45 |
| 5 | [3] | Norway | 7.09 |
| 6 | [8] | United Kingdom | 7.06 |
| 7 | [7] | Australia | 6.93 |
| 8 | [9] | Canada | 6.88 |
| 9 | [6] | Finland | 6.78 |
| 10 | [11] | Singapore | 6.40 |
| 11 | [15] | Belgium | 6.31 |
| 12 | [n/a] | Austria | 6.27 |
| 13 | [17] | Germany | 6.27 |
| 14 | [12] | Ireland | 6.08 |
| 15 | [18] | France | 6.06 |
| 16 | [10] | Japan | 5.89 |
| 17 | [16] | New Zealand | 5.84 |
| 18 | [13] | Korea | 5.80 |
| 19 | [20] | Spain | 5.09 |
| 20 | [19] | Czech Republic | 4.93 |
| 21 | [21] | Portugal | 4.80 |
| 22 | [22] | Italy | 4.79 |
| 23 | [23] | Hungary | 4.50 |
| 24 | [24] | Poland | 4.26 |
| 25 | [25] | Greece | 4.22 |

[1] 2010 ranking

Figure 1: Innovation-driven Economies

Resource & Efficiency-driven Economies

| Rank | [2010] | Country | Score |
|---|---|---|---|
| 1 | [1] | Malaysia | 6.61 |
| 2 | [3] | Chile | 6.21 |
| 3 | [5] | Russia | 5.68 |
| 4 | [7] | Turkey | 5.51 |
| 5 | [4] | Argentina | 5.46 |
| 6 | [6] | Brazil | 5.14 |
| 7 | [8] | Mexico | 4.87 |
| 8 | [10] | Ukraine | 4.81 |
| 9 | [2] | South Africa | 4.68 |
| 10 | [9] | Colombia | 4.06 |
| 11 | [12] | Thailand | 3.68 |
| 12 | [13] | Tunisia | 2.79 |
| 13 | [15] | Vietnam | 2.73 |
| 14 | [17] | China | 2.72 |
| 15 | [14] | Iran | 2.41 |
| 16 | [19] | Philippines | 2.15 |
| 17 | [n/a] | Syria | 2.11 |
| 18 | [20] | Indonesia | 2.01 |
| 19 | [16] | Sri Lanka | 2.01 |
| 20 | [18] | Egypt | 1.89 |
| 21 | [21] | India | 1.25 |
| 22 | [25] | Pakistan | 1.14 |
| 23 | [23] | Nigeria | 1.09 |
| 24 | [22] | Kenya | 0.95 |
| 25 | [24] | Bangladesh | 0.90 |

[1] 2010 ranking

Figure 2: Resource & Efficiency-driven Economies

*See* Broadband Connectivity Scorecard, *at* http://www.nokiasiemensnetworks.com/news-events/press-room/press-releases/sweden-just-beats-us-for-top-spot-in-global-study-of-useful-connectivity (last visited Sept. 25, 2012).

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[11] Office of Engineering & Tech. & Consumer & Gov't Affairs Bureau, *Measuring Broadband America: A Report on Consumer Wireline Broadband in the U.S.* at 5 (July 2012) ("*Second Measuring Broadband America Report*"), http://www.fcc.gov/measuring-broadband-america/2012/july.

[12] *See* Broadband for America, Press Release, *The Future of Broadband*, Aug. 16, 2012, *at* http://www.broadbandforamerica.com/press-releases/new-broadband-america-report-sees-booming-demand-bandwidth-driven-new-users-%E2%80%9Cinternet.

## III. THE BEST WAY FORWARD IS TO ADOPT POLICIES THAT REMOVE BARRIERS TO INFRASTRUCTURE INVESTMENT AND PROMOTE COMPETITION.

The wired and wireless broadband networks that are so increasingly pervasive across America are principally the product of investment and innovation by the private sector. These networks are also evidence that the bi-partisan, "light touch" approach to broadband regulation has been one of the greatest industrial-policy success stories in history. Government has encouraged and facilitated investment and innovation, often by choosing regulatory restraint over heavy-handed government regulation.

The Telecommunications Act of 1996 set the stage for this investment boom by creating "*a pro-competitive, de-regulatory national policy framework* designed to accelerate rapidly *private sector deployment* of advanced telecommunications and information services to all Americans by *opening all telecommunications markets to competition*…."[13] The Act established the national policy to "preserve the *vibrant and competitive free market* that presently exists for the Internet and other interactive computer services, *unfettered by Federal or State regulation*…."[14] The 1996 Act also requires biennial review of regulation to facilitate forbearance from Commission rules and provisions of the Act.

The deregulatory approach reflected in the 1996 Act helped inform the Commission's decisions, under both Democratic and Republican chairs, to resist proposals to saddle residential broadband services with cumbersome regulatory requirements. The results reflect the adage that capital "will go where it is wanted and stay where it is well treated." Freed from antiquated restraints on what services to offer, prices to charge, or standards to employ, the cable, telephone, and wireless industries collectively have invested nearly $1.2 trillion of private risk capital. The result? Broadband is available to over 300 million Americans. As documented above, that investment continues today, and capacity and speed of service continues to accelerate. Across the landscape of communications services and technologies, those that have flourished most are those that have been regulated least. The lesson is unmistakable and inseparable from the success of the U.S. broadband experience.

That is not to repudiate an important and useful role for policymakers at every level of government. As Chairman Genachowski wrote earlier this month: "The private sector must take the lead, but the public sector has a vital though limited role to play. Among the policy levers government needs to use is the removal of barriers to broadband buildout."[15] The Chairman cited "dig once" rules and the Commission's efforts to ensure prompt tower-siting decisions by local authorities as examples of actions the Commission can take to remove these barriers. In keeping with this objective, local governments should consider steps to adopt a broadband-welcoming posture,[16] and the Commission should consider whether it can serve as a repository

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13 Preamble, Telecommunications Act of 1996, P.L. 104-104, 100 Stat. 56 (1996).

14 47 U.S.C. § 230(b).

15 Genachowski, *The Need for Speed*, *supra* n. 3.

16 *See* FCC News Release, *Statement of Commissioner Ajit Pai on his Visit to Kansas City's Google Fiber Project* (Sept. 5, 2012).

of best practices for localities – collecting, comparing, and contrasting different approaches adopted by different communities. The Federal government can also demonstrate leadership by developing a common process for tower siting on federal property. A more urgent example of appropriate Commission efforts is the need to continue to find and make available more spectrum to accommodate the growing consumer demand for wireless broadband. The government should also continue to provide highly targeted funding to support broadband deployment in locations where no private sector business case can justify the needed investment (as the Commission is now doing), and should continue to clear out regulatory underbrush that acts as an impediment to deployment.

Most importantly, the answer to improving broadband deployment does not lie in more intrusive regulation of those who invest in broadband infrastructure. The United States has a heterogeneous system of competing broadband providers and technologies, and the best way to preserve and promote that dynamic is to continue the "light touch" regulatory policies that have served us so well.

## IV. CONCLUSION

Broadband for America urges the Commission to report to Congress that broadband Internet services are being deployed in a reasonable and timely manner. Any other conclusion would contradict unambiguous marketplace facts, and increase risk and uncertainty that the Commission may deviate from its bipartisan, deregulatory approach to broadband policy. That decades-old policy has yielded unprecedented financial, intellectual, and cultural dividends to the American public, and remains a bright spot in the nation's economy.

On behalf of Broadband for American and its more than 300 members,

John Sununu
Honorary Co-Chairman
Broadband for America

Harold Ford
Honorary Co-Chairman
Broadband for America